

Document: EB 2019/LOT/G.6  
Date: 20 November 2019  
Distribution: Public  
Original: English

**E**



## **President's report**

### **Proposed global/regional grant to Kilimo Trust**

### **Creating Employment Opportunities for Rural Youth in Africa: Support to Integrated Agribusiness Hubs in Rwanda**

#### **Note to Executive Board representatives**

Focal points:

Technical questions:

**Margarita Astralaga**  
Director  
Environment, Climate, Gender and Social  
Inclusion Division  
Tel.: +39 06 5459 2151  
e-mail: m.astralaga@ifad.org

**Tom Mwangi Anyonge**  
Lead Technical Specialist, Youth  
Tel.: +39 06 5459 2519  
e-mail: t.anyonge@ifad.org

Dispatch of documentation:

**Deirdre Mc Grenra**  
Chief  
Institutional Governance and  
Member Relations  
Tel.: +39 06 5459 2374  
e-mail: gb@ifad.org

**For: Approval**

## Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed grant as contained in paragraph 18.

### I. Background and compliance with IFAD Policy for Grant Financing

1. The global rate unemployment among youth age 15-24 stands at a staggering 71 million (13.1 per cent)<sup>1</sup> and is higher among young women. In Africa, youth employment is particularly serious given that it is the youngest and fastest-growing continent in the world. The International Monetary Fund estimates that by 2035 there will be more young people entering Africa's workforce each year than in the rest of the world combined.<sup>2</sup> A 2017 International Labour Organization report<sup>3</sup> highlighted that given the limited capacity of other sectors to absorb the growing labour force, agriculture will remain important for employment and livelihoods in the near future, particularly for young people engaged in farming and related activities.
2. While agriculture offers an opportunity to absorb this expanding young labour force, the root causes of youth unemployment remain: (i) a lack of access to productive assets, natural resources, goods and services; (ii) a lack of knowledge and technical and business skills; (iii) negative perceptions of agriculture among youth; and (iv) the lack of an enabling environment for youth employment – particularly one that promotes agribusiness development.<sup>4</sup> These constraints hamper rural young people's ability to find gainful employment or develop successful businesses. Moreover, conventional business development services are often fragmented and focus on single niche-market agribusinesses opportunities with limited space for young people. To date, these services' scale is not sufficient to address issues related to demand (i.e. marketable skills and capacity); supply (labour markets); innovative technology generation and transfer; and energy needs with potential to catalyse job creation through agribusiness along agricultural commodity value chains.<sup>5</sup>
3. Recognizing these issues, IFAD has developed an over-arching programme to be cofinanced by Germany's Federal Ministry for Economic Cooperation and Development (BMZ) (US\$11 million) and the Visa Foundation (US\$3.5 million). The programme's theory of change focuses on addressing these challenges through the development of integrated and holistic agribusiness hubs that offer opportunities for youth in wage employment and self-employment.<sup>6</sup> This five-year programme will be implemented in a phased manner. In the first phase, an IFAD grant will finance the establishment of two hubs in Nigeria and Rwanda. The two countries were identified in collaboration with IFAD's East and Southern Africa Division, and West and Central Africa Division based on identified "early-mover countries"<sup>7</sup> and other criteria including: (i) potential pipeline projects for the Agribusiness Capital (ABC) Fund; and (ii) the presence of enabling policies for agribusiness creation.

<sup>1</sup> [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_615594.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_615594.pdf).

<sup>2</sup> <https://mastercardfdn.org/strategy/#slide1>.

<sup>3</sup> [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---inst/documents/publication/wcms\\_624872.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---inst/documents/publication/wcms_624872.pdf).

<sup>4</sup> Synthesized from: IFAD, [Rural Development Report: Creating Opportunities for Rural Youth](#): 2019 Rural Development Report (2019); Institute of Development Studies (IDS), [Agribusiness Incubation as a Flexible Mechanism toward Youth Empowerment in Africa: Rural Youth Employment synthesis study](#) (2017); and IDS, [The Rise of Agricultural Growth Poles in Africa: Policy Brief](#) (2015).

<sup>5</sup> World Bank and IFAD, [Rural Youth Employment](#) (2017).

<sup>6</sup> See grant design document, p. 6, fig. 1 – Theory of Change.

<sup>7</sup> A definition of "early-mover" countries can be found in the [Rural Youth Action Plan](#), (EB 2019/125/R.11, section V, para. 12).

The hubs will serve as innovation spaces to foster youth employment by applying combinations of cutting-edge technologies, developing talent, building knowledge, facilitating access to capital, enhancing business skills and increasing access to financial services.

4. The proposed project is in line with the IFAD Policy for Grant Financing (2015).<sup>8</sup> Mainstreaming youth is a key priority in the Eleventh Replenishment of IFAD's Resources, and is reflected in IFAD's Strategic Framework 2016-2025. This proposal is anchored to IFAD's Rural Youth Action Plan and all three objectives of IFAD's grant financing in order to: (i) promote innovative, pro-poor approaches and technologies with potential to be scaled up for greater impact; (ii) strengthen partners' institutional and policy capacities; and (iii) generate and share knowledge for development impact. It is also aligned with IFAD's strategic guidance note 2019-2021 on grants and priority area 4 of the Fund's strategic direction for grants, which focuses on opportunities for youth.
5. Through the larger cofinanced programme, a competitive selection process was held to elicit bids in the two countries identified for the first phase – Nigeria and Rwanda. Following the receipt of proposals, a competitive selection and evaluation team selected one winning proposal in each country in order to ensure optimum performance in the first phase. Kilimo Trust was selected to develop Rwanda's agribusiness hub because of its rich technical, financial and institutional experience.<sup>9</sup> The roles and responsibilities of each implementing institution are detailed in part IV below.

## **II. The proposed project**

6. The overall goal of the project is to create sustainable employment and income-generation opportunities for youth in agriculture-related activities.
7. The objectives are to: (i) support the development of youth-integrated agribusiness hubs through strategic partnerships; and (ii) generate empirical evidence on developed and tested integrated agribusiness hub models in order to inform national policies and institutional adjustments needed to scale up successful employment-creation models.
8. The target group will comprise at least 1,200 young women and men in Rwanda.<sup>10</sup>
9. The project will be implemented over five years and will have the following components: (i) agribusiness hub support and capacity development; and (ii) knowledge sharing for policy dialogue and scaling up.
10. Component 1 activities will focus on: upgrading facilities; organizational strengthening; partnership development; and establishing mechanisms that integrate existing training resources into more effective training hubs.

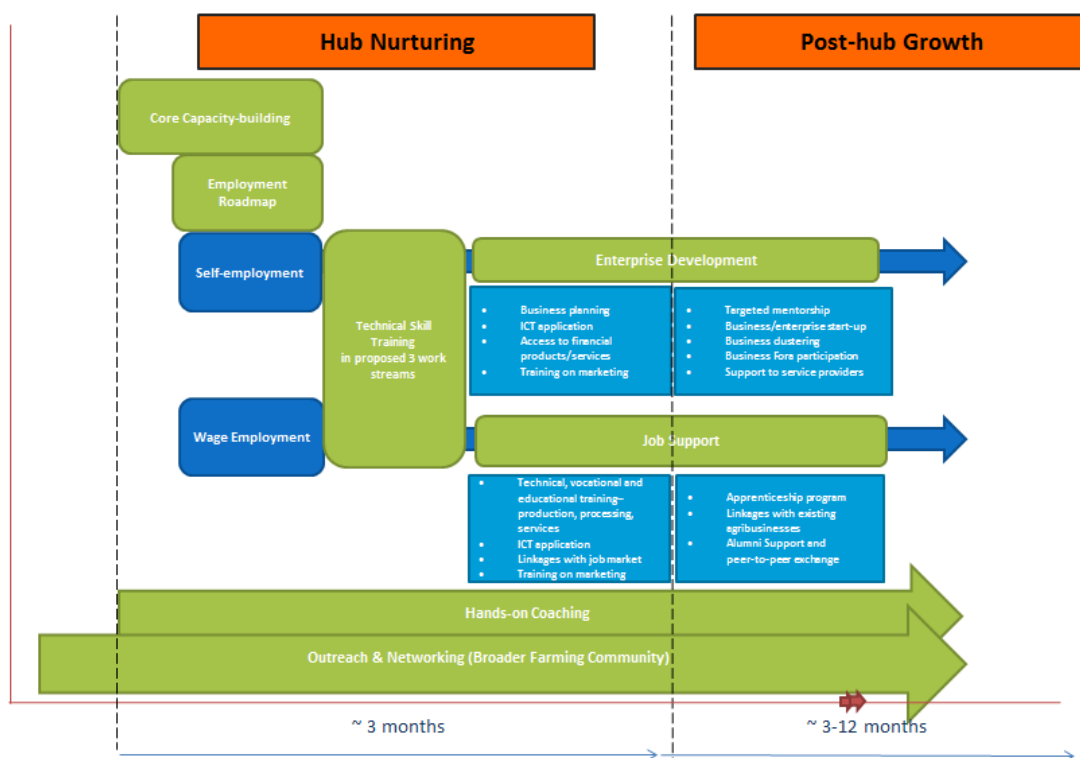
---

<sup>8</sup> See EB 2015/114/R.2/Rev.1.

<sup>9</sup> See grant design document, p. 7, section 2.2 – Recipient selection.

<sup>10</sup> See grant design document, p. 11.

Figure 1  
Hub Operations Phases



11. The hub operations phase (see chart on pg. 17 and 18 of the grant design document) will have two sub-phases: the hub-nurturing phase; and the post-hub-growth phase. Activities will be tailored to (i) self-employment in agro-enterprises that create livelihoods in market-driven crop and livestock production, agro-processing enterprises and provision of goods or services and; (ii) wage employment focused on robust skills development in order to respond to relevant job market needs. Youth beneficiaries of other IFAD projects will be able to select pathways link with those projects, including on productivity enhancement, agribusiness development and savings, and credit cooperatives in rural finance. Key components of the hub methodology include: post-hub growth, in which continued support will be offered to youth for implementing their identified employment opportunities; and linkages to financial services, markets and job placement.
12. Component 2 will focus on generating evidence to inform national policies and action plans for the sustainable inclusion of rural youth in employment and entrepreneurship. Activities include: (i) capitalizing on experiences to enable replication of the model in other countries; (ii) development of knowledge products and building capacity of youth to engage in policy dialogue; and (iii) knowledge management and strategic planning in communication, facilitated peer-to-peer and South-South and Triangular Cooperation exchanges. The project will also support an impact assessment study<sup>11</sup> focused on the hub model for youth employment. Since the project is directly connected to other IFAD-funded operations, it will be possible to embed impact assessment at the inception phase.

### III. Expected outcomes

13. The project is expected to have the following outcomes: (i) increased self- and wage employment opportunities for youth through functional networks of

<sup>11</sup> The proposed impact assessment approach for this project involves the use of a randomized controlled trial. See p.19 of the grant design document for more information.

integrated agribusiness hubs;<sup>12</sup> and (ii) integrated agribusiness hub models adopted and scaled up by public and private actors through policy changes.

#### IV. Implementation arrangements

14. IFAD will provide strategic guidance to ensure achievement of the expected outcomes as well as the overall programme objectives and goals. In addition, an agribusiness hub delivery board will be established with representation from IFAD as an observer, the private sector, youth and civil society. The agribusiness hub manager will serve as the board secretary.<sup>13</sup>
15. Kilimo Trust will be the main recipient of the IFAD grant and main implementer of the project. Kilimo Trust will implement the project in partnership with a consortium comprising the African Agribusiness Incubators Network, the Rwanda Youth in Agribusiness Forum and Rwanda Polytechnic through its affiliated Integrated Polytechnic Regional College, vocational training centres and business incubation centres. The overall responsibility for management, technical and financial delivery of the project will rest with Kilimo Trust. In addition, Kilimo Trust will have overall responsibility for financial accountability and reporting to IFAD on the use of the grant funds, as specified in the grant agreement. Kilimo Trust will sign a memorandum of understanding with implementing partners. All recipients of project funding will be given annual subcontracts with clear deliverables that will be renewable based on performance.
16. There are no deviations from the standard procedures for financial reporting and audits.

#### V. Indicative project costs and financing

17. The overall project cost is US\$2,797,329, to be financed with an IFAD grant of US\$1,750,000 and cofinancing of US\$553,215 from Kilimo Trust and consortium partners. Considering that this project is embedded in a larger programme that includes cofinancing, it is anticipated that other donors (including BMZ and Visa Foundation) will contribute to cover the financing gap of US\$549,176 after project year 1. To ensure stakeholders' commitment, the private sector, implementing partners and ongoing IFAD projects will contribute to the capacity building costs. The detailed project costs by component and expenditure category are presented in the tables below.

Table 1  
**Costs by component and financier**  
(Thousands of United States dollars)

<i>Components</i>	<i>IFAD</i>	<i>Kilimo Trust and partners</i>	<i>Cofinanciers (BMZ, Visa Foundation, others)</i>	<i>Total</i>
Agribusiness hub support and capacity development	1 110	203	341	1 654
Knowledge sharing for policy dialogue and scaling up	371	93	145	609
Project management	269	257	8	534
<b>Total</b>	<b>1 750</b>	<b>553</b>	<b>494</b>	<b>2 797</b>

<sup>12</sup> The target for total employment is 1,200 youth. See p. 11 of the grant design document.

<sup>13</sup> The diagram on p. 24 of the grant design document illustrates the implementation arrangements.

Table 2  
**Costs by expenditure category and financier**  
 (Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD</i>	<i>Kilimo Trust and partners</i>	<i>Cofinanciers (BMZ, Visa Foundation, others)</i>	<i>Total</i>
Sub-grants	146	124	22	292
Operating costs (including equipment and materials)	38	-	4	42
Salaries and allowances	607	139	96	841
Workshops	96	54	62	212
Training	350	13	168	530
Consultancies	195	-	57	251
Travel and allowances	189	-	87	276
Overhead/management fees	129	224	-	353
<b>Total</b>	<b>1 750</b>	<b>553</b>	<b>494</b>	<b>2 797</b>

## VI. Recommendation

18. I recommend that the Executive Board approve the proposed grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, the Creating Employment Opportunities for Rural Youth in Africa: Support to Integrated Agribusiness Hubs in Rwanda project, shall provide a grant of one million seven hundred and fifty thousand United States dollars (US\$1,750,000) to Kilimo Trust for 60 months upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Gilbert F. Hougbo  
 President

## Results-based logical framework

	Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
<b>Goal</b>	To create sustainable employment and income generating opportunities for youth in agriculture related activities	<ul style="list-style-type: none"> <li>% of targeted young men and women (15-35) who have reported improvements in income following graduation from hubs (Target = 70%)</li> <li>Number of jobs created disaggregated by job type (self-employed, wage employment)</li> </ul>	<ul style="list-style-type: none"> <li>Project M&amp;E records</li> <li>Mid-term review of Programme</li> <li>Impact assessments</li> <li>SMEs records and national statistics</li> </ul>	Political and economic stability in the country and the EAC region.
<b>Objectives</b>	1.Increased self and wage employment opportunities for youth through functional networks of integrated agribusiness hubs	<ul style="list-style-type: none"> <li># of integrated agribusiness hubs successfully established and operational</li> <li># of agri-enterprises established by mentored rural youth</li> <li># of rural youth in wage employment</li> </ul>	<ul style="list-style-type: none"> <li>Project M&amp;E records</li> <li>Impact assessments</li> <li>SMEs records and national statistics</li> <li>MIS systems</li> <li>Outcome Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Programme financing is disbursed in a timely manner and supports implementation</li> <li>Trained youth will apply acquired skills</li> </ul>
	2.Integrated agribusiness hubs models up taken and scaled by public and private actors through policy changes	<ul style="list-style-type: none"> <li># of state and non-state actors accessing hub services</li> <li># Country-level policy engagement resulting in policy changes (RIMS 3.3.5)</li> </ul>	<ul style="list-style-type: none"> <li>Impact assessments</li> <li>Relevant National policies</li> <li>Outcome surveys</li> </ul>	Hubs are successfully operating services and there is interest from multiple stakeholders to duplicate/replicate hub model
<b>Outcomes/ Outputs</b>	<b>Outcome1: Increased self and wage employment opportunities for youth through functional networks of integrated agribusiness hubs</b>	Increased incomes Improved livelihoods for the youth	<ul style="list-style-type: none"> <li>Baseline and end of project evaluation</li> </ul>	Economic conditions will continue to be favorable to spur growth and expansion in job opportunities within agriculture sector
	<b>Output 1.1.1:</b> Institutional and stakeholders mapping conducted <b>Output 1.1.2:</b> Start-up analytics undertaken	<ul style="list-style-type: none"> <li>1.1.1.Number of institutions and stakeholders mapped</li> <li>1.1.2 Number of analysis undertaken, and reports produced</li> </ul>	<ul style="list-style-type: none"> <li>Project monitoring reports, mapping report</li> <li>Review of project reports, M&amp;E project data</li> </ul>	<ul style="list-style-type: none"> <li>Agribusiness value chain actors will be willing to use the assessment findings and developed business models in planning and managing their enterprises</li> <li>Each agribusiness cluster will customize the Hub masterplan to their context</li> <li>Agribusiness hub and cluster members will adhere to the rules as set in the constitution/By-laws</li> <li>The agribusiness actors will meet their part of the contributions on time</li> </ul>
	<b>Output 1.2.1:</b> Value chains and Market assessments conducted <b>Output 1.2.2:</b> Business case master plan for an agribusiness hub developed <b>Output 1.2.3:</b> Framework for hub governance and <b>Output 1.2.4:</b> Hub facilities upgraded leadership established	<ul style="list-style-type: none"> <li>1.2.1 Number of assessments undertaken</li> <li>1.2.2.Number of business master plans developed for the agribusiness hub</li> <li>1.2.3Number of agribusiness hub constitution/By-laws developed</li> <li>1.2.3a Number of agribusiness hub committee trained</li> <li>1.2.4 Number of facilities upgraded</li> </ul>	<ul style="list-style-type: none"> <li>Review of Project monitoring reports</li> <li>Review of agribusiness records, Project M&amp;E reports</li> <li>M&amp;E records, site visits</li> </ul>	
	<b>Output 1.3.1:</b> Agribusiness and entrepreneurship Training curriculum and	<ul style="list-style-type: none"> <li>Number of curriculums developed/ revised</li> </ul>	<ul style="list-style-type: none"> <li>Interview of Training institution managers,</li> </ul>	Relevant government ministries will approve

Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
modules developed	<ul style="list-style-type: none"> <li>Number of training modules developed</li> </ul>	review of Institutional records (curriculum and programs), evaluations	the revised guidelines on time
<b>Output 1.3.2:</b> At least 1,200 youth trained on agribusiness entrepreneurship and managerial skills	Number of youths trained on agribusiness entrepreneurship and managerial skills	<ul style="list-style-type: none"> <li>Training reports</li> </ul>	Youths will apply acquired skills for self or wage employment
<b>Output 1.3.3:</b> Business plans informed by the hub business case master plan developed	Number of business plans developed	<ul style="list-style-type: none"> <li>Review of SME records, observation of copy of business plan</li> </ul>	Agripreneurs will mobilize enough capital (equity, debt or mix of both) to fund their business plans
<b>Output 1.3.4:</b> Increased apprenticeship opportunities for the youth	Number of youths enrolled and completing apprenticeship program	<ul style="list-style-type: none"> <li>Interview of individual graduates, Apprenticeship report from institutions, Project M&amp;E records</li> </ul>	Economic conditions will continue to be favorable to spur growth and expansion in job opportunities within agriculture sector
<b>Output 1.4.1:</b> Youth-friendly business development products and services developed/tailored to fit youth needs	Number of Youth-friendly business development services available to the youth	<ul style="list-style-type: none"> <li>Youth interviews, Project records</li> </ul>	BDS service providers will be willing and motivated to develop youth friendly products and services
<b>Output 1.4.2:</b> Business linkages between youth agripreneurs and their clients established	Number of business linkages established	<ul style="list-style-type: none"> <li>Contracts, MOUs, Interview of value chain actors</li> </ul>	Contracts and agreements will be honoured by all parties
<b>Output 1.4.3:</b> Digital solutions and innovations in sourcing and payments scaled up	<ul style="list-style-type: none"> <li>Number of digital platforms providing services to agribusiness cluster members developed</li> <li>Number of innovations developed and managed by the youth</li> <li>Number of youths providing digital solutions to hub members</li> </ul>	<ul style="list-style-type: none"> <li>Interview of users, google search and observations</li> </ul>	Digital innovations will attract enough users for the enterprise to break even and sustain its services
<b>Output 1.5.1:</b> Technical capacity of youth in business and entrepreneurship is undertaken	<ul style="list-style-type: none"> <li>Number of youths trained in agribusiness and agri-preneurship</li> </ul>	<ul style="list-style-type: none"> <li>Training records</li> </ul>	Trained youths will apply acquired agripreneurship skills
<b>Output 1.5.2:</b> Increased apprenticeship opportunities for the youth			
<b>Output 1.5.3:</b> Increased self and wage employment opportunities for the youth	<ul style="list-style-type: none"> <li>Number of youths in wage and self-employment within the hub</li> </ul>	<ul style="list-style-type: none"> <li>Employment records from firms, Business registration certificates</li> </ul>	New business will have reduced failure rates
<b>Outcome 2:</b> Evidence-based knowledge products on youth employment using integrated agribusiness hub model to influence policy shifts, and to enable other development actors (public, private and semi-private) to scale up wholly or parts of the model	<ul style="list-style-type: none"> <li>Number of youth employment policy briefs developed</li> <li>Number of knowledge products developed and disseminated</li> </ul>	Project monitoring data	Agribusiness actors will readily use knowledge and information generated to improve their business processes
<b>Output 2.1.1:</b> Communication and	<ul style="list-style-type: none"> <li>Number of communication strategies</li> </ul>	Copies of communication	Agribusiness clusters shall use stipulated



Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Knowledge management strategy and plan developed	developed • Number of communication plans developed	strategy and plan	communication channels within the hub to foster mutual trust
<b>Output 2.1.2:</b> Knowledge products developed and disseminated	Number of knowledge products developed and disseminated	copies of knowledge products and policy briefs	National policies shall continue to promote youth engagement in agribusiness and entrepreneurship
<b>Output 2.1.3:</b> Policy dialogues at local and national levels conducted using existing youth platforms	Number of policy dialogue meetings held	Meeting minutes and reports	
<b>Output 2.1</b> Evidence-based knowledge products developed	2.1 Functional knowledge management system 2.2.Number (and type) of Knowledge Management products applied	• Functional knowledge management system	Political stability prevails in the project countries Sustained commitment by partners & youth involved